

### ***Legislation will Cap Interest Rates, Limit All Fees to \$15 to Help Americans Struggling Against Unfair Credit Card Practices***

WASHINGTON - Today, Congresswoman Louise Slaughter (NY-28) and Congressman John Tierney (MA-6) announced that they have again introduced legislation that would rein in credit card interest rates capping them at 16 percent and prevent dramatic rate hikes that have badgered consumers, even those with good credit, for years.

Slaughter and Tierney are authors of The Renewing America's Commitment to Consumers Act, legislation aimed at helping Americans who have fought unfair credit practices for years. Despite the positive effects of the CARD Act, which the Democratic House majority passed, and President Obama signed into law in 2009, some credit card companies continue to offer cards with rates as high as 36 percent.

"We must do what we can to help people who are trying to make ends meet in the face of card rates that suddenly jump to 20, 25, 30 percent or higher," said Slaughter. "It's time for Congress to put the needs of the middle class ahead of banks and card issuers."

"During these challenging economic times, American families have been forced to make tough choices to make ends meet. Many are forced to put everyday expenses such as their utility, grocery or medical bills on their credit cards just to stay afloat. Far from helping struggling consumers, credit card companies appear to be exploiting this debt cycle by increasing interest rates to as much as 30 percent and piling on fees. This legislation would end such exploitive practices and protect consumers," Congressman Tierney said.

The lawmakers noted that laws limiting this kind of usurious behavior have been in place since the Babylonian Empire and were present in the United States on the state level until 1978 when a Supreme Court ruling rendered states' usury laws inapplicable to most national credit card companies. That decision called on Congress to act and address the issue with new legislation, but Congress has not acted to do so and rates have continued to climb unchecked.

Reps. Slaughter and Tierney have consistently proposed a simple solution to this problem: a

single, national usury-rate cap.

Specifically, the bill would:

**Create a National Credit Card Usury Rate:** The bill would create a National Credit Card Usury Rate, which would cap interest rates at 16 percent.

**Limit unreasonable fees:** The 16 percent usury cap would include certain "up-front" fees associated with the extension of credit, such as membership fees and annual fees. All other fees not included in the cap, such as late fees or insufficient funds fees are capped at \$15.00 per fee.

**Clarification of state law:** In order to ensure the strongest possible protections for consumers, the bill clarifies that the bill's provisions will not supersede any state law with a lower usury cap.

The legislation has the support of numerous consumer groups, including the National Association of Consumer Advocates and the Greater Boston Interfaith Organization.